

SONNENSCHEN CARLIN NATH & ROSENTHAL

8000 SEARS TOWER CHICAGO, ILLINOIS 60608

(312) 876-8000 TELEX 25-3526

October 21, 1981

RECORDATION NO.

FILED 1425

OCT 22 1981 - 6 22 AM

WRITER'S DIRECT LINE

INTERSTATE COMMERCE COMMISSION 876-8232

1-295AC10

Interstate Commerce Commission
12th Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Ms. Mildred Lee

Dear Ms. Lee:

No.

OCT 22 1981

Date.....

Fee \$.....

ICC Washington, D. C.

Enclosed is an Assignment and Assumption of Lease dated as of March 26, 1980 (the "Assignment") between William M. Gibbons, as Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company (the "Assignor"), as assignor, and Chicago and North Western Transportation Company (the "Assignee"), as assignee.

The Assignment is an assignment of the lessee's rights under a Lease of Railroad Equipment dated as of May 15, 1978 (the "Lease") between the Assignor, as lessee, and Exchange National Bank of Chicago, as Trustee, as lessor. The lessor under the Lease remains the same. The Lease was recorded with the Interstate Commerce Commission on June 28, 1978 at 2:55 p.m. under Recordation No. 9464-B.

Please record the Assignment in the records of the Interstate Commerce Commission, pursuant to 49 U.S.C. §11303 and the regulations promulgated thereunder.

The names and addresses of the parties to the Assignment are as follows:

Assignor: William M. Gibbons, as Trustee of the
Property of Chicago, Rock Island &
Pacific Railroad Company
332 South Michigan Avenue
Chicago, Illinois 60604

Assignee: Chicago and North Western Transportation
Company
One North Western Center
165 North Canal Street
Chicago, Illinois 60606

Countersigned Network Courier

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RECEIVED

SONNENSCHN CARLIN NATH & ROSENTHAL

Interstate Commerce Commission
Attn: Ms. Mildred Lee
October 21, 1981

Page Two

The equipment covered by the Lease and the Assignment is described both in Schedule A to the Lease (a copy of the Lease being attached as Exhibit B to the Assignment) and in Exhibit A to the Assignment.

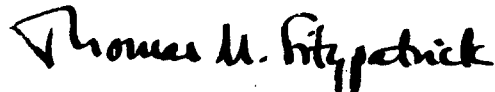
Enclosed are two original copies of the Assignment, each manually executed and acknowledged by both parties, one of which is marked "ICC" at the top, and five photocopies of the Assignment. Once the copies are stamped with the appropriate recordation information, I would appreciate your returning one of the original copies and the photocopies to me at the letterhead address above.

Enclosed for your convenience in returning copies to me are a return envelope, and a completed courier air bill, directing charges to this firm. To arrange for the return package to be picked up, please call Network Courier in Washington at (202) 638-7477.

In accordance with our phone conversation yesterday, enclosed is our check in the amount of \$20, payable to the Commission, in payment of the fee for the recordation of the Assignment.

Thank you for your help. If there are any questions regarding the recordation of the Assignment, or the return package, please call me collect, at (312) 876-8232.

Very truly yours,



Thomas M. Fitzpatrick

TMF/pr
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

10/22/81

OFFICE OF THE SECRETARY

Thomas M. Fitzpatrick
Sonnenschein Carlin Nath & Resenthal
8000 Sears Tower
Chicago, Illinois 60606

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/22/81 at 8:35am, and assigned recordation number(s). 9464-D

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

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LEASE #62

5853A
4.14.80INTERSTATE COMMERCE COMMISSION
ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT of lease (the "Assignment") dated as of this 26th day of March, 1980 by and between William M. Gibbons, as Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company (the "Assignor") and Chicago and North Western Transportation Company (the "Assignee").

W I T N E S S E T H:

WHEREAS, Assignor is the lessee of certain Units of Equipment described in Exhibit A attached hereto and made a part hereof (the "Equipment") pursuant to the lease of such Units of Equipment dated as of May 15, 1978 as amended to date and attached hereto as Exhibit B (the "Lease") and filed and recorded with the Interstate Commerce Commission, and

WHEREAS, Assignor desires to assign to Assignee and Assignee desires to accept an assignment from Assignor of all of Assignor's right, leasehold title and interest under the Lease, subject to the terms and conditions of this Assignment.

NOW, THEREFORE, in consideration of the mutual promises of Assignor and Assignee and other good and valuable consideration the

receipt and sufficiency of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignment. Effective immediately, Assignor hereby assigns, transfers and sets over unto Assignee all of Assignor's right, title and interest under the Lease and to the Equipment, subject to the terms set forth in Section 2 hereof.

This Assignment shall be effective only as to the equipment described on Exhibit A hereto. If Exhibit A is less than all of the Equipment subject to the Lease, Assignor and Assignee agree to the modification of the Lease in accordance with paragraph (6) of the consent attached to and made a part of this Assignment and Assumption.

2. Assumption. Assignee hereby accepts the assignment set forth above and assumes all of the obligations of lessee under the Lease arising hereafter and agrees to perform and comply with all of the obligations, covenants and conditions of lessee under the Lease in accordance with the terms of the Lease, as follows:

Assignee shall be responsible for:

- (a) the payment of rent due under the Lease beginning as of the eighth day following the day on which this Assignment is

given effect by issuance of a service order or directive of the Interstate Commerce Commission and the Association of American Railroads, or either of them, authorizing delivery of the Equipment to Assignee (or the eighth day following the day on which the rail carrier then authorized to operate and operating the lines of the Assignor acknowledges its obligation to deliver Cars to Assignee pursuant to this Assignment), and

- (b) the performance and compliance with all other terms and conditions of the Lease.

This Agreement, and Assignee's assumption of the obligations under the Lease, shall be effective immediately, in accordance with the terms hereof, but may be terminated, as provided below, if:

- (a) Assignor fails to fulfill the terms and conditions of the Lease Acquisition Proposal dated March 26, 1980, submitted by Assignee and accepted by Assignor (the "Proposal"); or
- (b) any of the conditions set forth below in clauses A through D is not fulfilled within 40 days from the date hereof.

A. The entry of an order by the United States Court having jurisdiction over the property of Assignor pursuant to the Bankruptcy Act (i) approving this Assignment, (ii) confirming that

this Assignment vests in Assignee all of Assignor's right, title and interest in the Lease and in the Equipment, free and clear of any and all liens, claims, charges or encumbrances against such interest, and subject to no obligation or liability of any nature or description except only those obligations which Assignee expressly undertakes pursuant to this Assignment, and (iii) approving the provisions of paragraph L of the Proposal.

B. The lessor under the Lease and parties having a security interest in the Lease shall have consented to this Assignment by execution of the consent appended hereto.

C. Assignee shall have received opinions of counsel satisfactory to it that the order required by paragraph A above is enforceable in accordance with its terms and that the consents required by paragraph B above are the valid and binding obligations of such lessor and such other parties, enforceable in accordance with their terms.

D. Assignee shall have received all necessary permits, licenses and approvals from applicable governmental or public authorities for the execution and delivery of the Assignment.

If all of the above terms and conditions are not substantially met within said 40-day period, the Assignee or Assignor under the Lease, may terminate this Agreement upon 10 days prior written

notice to the other party. In such event, Assignee shall reassign the Lease to Assignor, and Assignor shall assume the obligations under the Lease as of said date, except as provided below. Also in such event, (i) Assignee shall be responsible for the delivery of any units of Equipment which are on Assignee's line (or lines operated by Assignee) to Assignor's nearest interchange point as soon as reasonably possible; (ii) Assignee shall be responsible for Lessor's Rental and Trustee's Rental (as defined and provided for in the Lease Acquisition Proposal) due under the Lease as to such units of Equipment until such units of Equipment are returned to the interchange point except as to units of Equipment which are not on lines owned or operated by Assignee at such date, in which case, Assignee's obligations for such rent will terminate upon the expiration of said 10-day period; (iii) car hire shall be for the credit of Assignee until Assignee's obligations for rent terminates as to units of Equipment and car hire for periods thereafter shall be for the account of Assignor; (iv) the units of Equipment shall be in the same condition on the date of expiration of said 10-day period (or with respect to Units on lines owned or operated by Assignee as of the date they are returned) as when delivered to Assignee, except for ordinary wear and tear and any repairs made to any unit of Equipment prior to its return; (v) Assignee shall continue to have the right to set-off the cost of repairs as to any such units of Equipment performed by Assignee, or other charges against Assignor in accordance with the Proposal, against the Trustee's Rental as provided in the Lease Acquisition Proposal; and (vi) such costs and expenses referred to in (v) above shall be costs

of administration.

Assignee expressly does not assume any liabilities or obligations arising under or which have accrued in whole or in part pursuant to the terms of the Lease prior to the times set forth above. Accrued obligations, prepaid rent and other prepaid items are to be pro rated as of the Rental Commencement Date between Assignor and Assignee on a per diem basis. Assignor's obligation to pay rental as to each Unit of Equipment shall cease as of the date that Assignee's obligation to pay rental with respect such Item of Equipment begins.

3. Markings. Assignee agrees to restencil and renumber the Equipment at Assignee's expense to eliminate the reporting marks of Assignor and Chicago, Rock Island and Pacific Railroad Company as soon as reasonably possible after the date hereof.

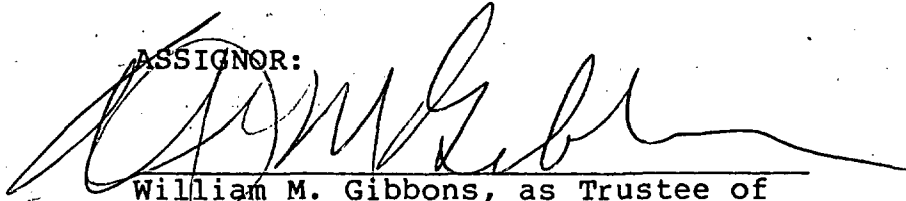
4. Filings. Assignee agrees to make at Assignee's expense such filing as as may be required, under the Lease and under any encumbrance on the Lease or the Equipment, to reflect this Assignment and the renumbering of the Equipment. Such filings shall be made as soon as reasonably possible after the date hereof. Assignee shall within twenty (20) days after such filings give Lessor and each party having a security interest in the Lease copies of the filed documents.

5. Other Obligations. Execution of this Assignment shall not release Assignor from Assignor's remaining obligations concerning the Equipment, if any, under the Proposal.

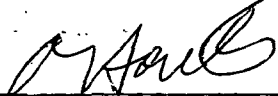
6. Modification of Lease and Participation Agreement. The Lease and the Participation Agreement to which it relates is hereby modified, subject to the Lessor's consent, in accordance with Exhibit C hereto.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Agreement to be executed on the date first above mentioned.

ASSIGNOR:



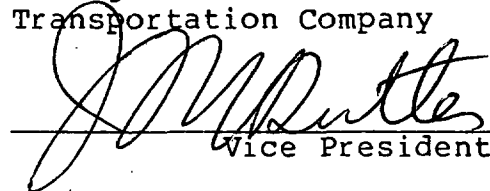
William M. Gibbons, as Trustee of
the Property of Chicago, Rock
Island and Pacific Railroad
Company, and not individually



Witness

ASSIGNEE:

Chicago and North Western
Transportation Company



Vice President

ATTEST:



Assistant Secretary

STATE OF ILLINOIS)
) SS.
 COUNTY OF C O O K)

On this 26th day of March, 1980, before me personally appeared William M. Gibbons, to me personally known, who, being by me duly sworn, says that he is the Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company, signer and sealer of the foregoing instrument, and he acknowledged same to be his free act and deed, as Trustee, before me.

Mary Carol Seymour
 Notary Public

[Notarial Seal]

My Commission expires: October 31, 1982

STATE OF Illinois)
) SS.
 COUNTY OF Cook)

On this 26th day of March, 1980, before me personally appeared John M. Butler, to me personally known, who, being by me duly sworn, says that he is the Vice President of Chicago and North Western Transportation Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Mary Carol Seymour
 Notary Public

[Notarial Seal]

My Commission expires: October 31, 1982

CONSENT AND LEASE MODIFICATION

The undersigned hereby consent to the Assignment and Assumption of Lease ("Assignment") of which this Consent forms a part and agrees that, as to the undersigned, the Assignor thereunder is hereby released of all of Assignor's obligations under the Lease arising after the date of said Assignment.

Each of the undersigned hereby acknowledges that:

- (1) It has received a copy of this Assignment;
- (2) Attached to this Assignment as Exhibit B is a true and complete copy of the Lease as amended to date;
- (3) The Assignee is hereby substituted as the Lessee of the Lease, on the terms set forth in the Assignment;
- (4) With respect to the obligations under the Lease arising prior to the date of the Assignment, the undersigned shall have recourse only against the Assignor or parties other than the Assignee and further waive all recourse against the Equipment for the correction of any default or item pursuant to the Lease arising prior to, or as a result of events occurring prior to, the date of the Assignment and hereby waive all rights to terminate the Lease which may arise as a result of this Assignment;

- (5) The Assignee shall be permitted to change the identification numbers and reporting marks on the Equipment provided that the Assignee promptly notifies the undersigned of any such change and preserves the markings on, and registration of, the Equipment disclosing and preserving the security interest of third parties as presently disclosed; and
- (6) If the Equipment described in Exhibit A is less than all of the Equipment subject to the Lease, the undersigned hereby agree that this Consent will constitute a modification of the Lease and all security instruments (upon the consent of secured parties) affecting the Lease so that said Leases or security instruments shall apply only to the Equipment described on Exhibit A. This Assignment applies only to the Lease of the Equipment described on Exhibit A. Any obligation secured by a security instrument is apportioned pro rata based on the original cost of the Equipment subject thereto.
- (7) The Lease and the Participation Agreement to which it relates are hereby modified in accordance with Exhibit C hereto and the undersigned hereby consent to such modification.

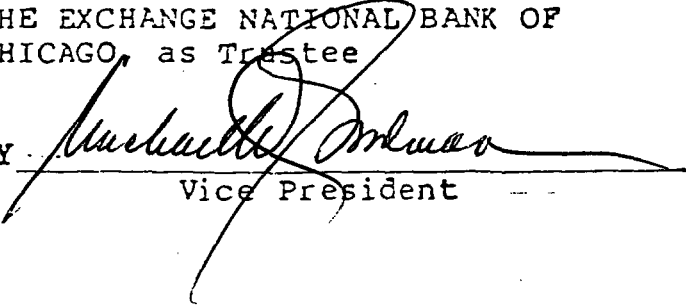
The foregoing Consent is subject to the entry of the Court Order-described in Clause A of the second paragraph of Section 2 of the Assignment.

IN WITNESS WHEREOF, the undersigned have caused this
consent to be executed and sealed by their duly authorized officers
on as of March 26, 1980.

LESSOR:

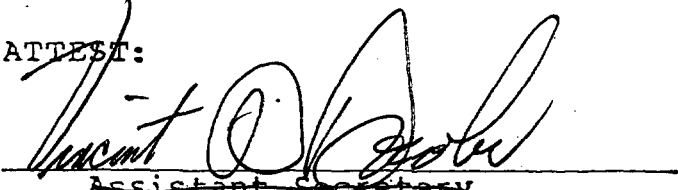
THE EXCHANGE NATIONAL BANK OF
CHICAGO as Trustee

BY


Vice President

(S E A L)

ATTEST:



Assistant Secretary

ASSISTANT TRUST OFFICER

SECURED PARTY:

FIRST PENNSYLVANIA NATIONAL BANK,
N.A., as Agent

By:


Vice President

(S E A L)

ATTEST:


Assistant Secretary

T. A. O'CONNELL
CORPORATE TRUST OFFICER
& ASSISTANT SECRETARY

EXHIBIT A TO ASSIGNMENT

1. Lease: Equipment Lease dated: May 15, 1978
- Lessee: William M. Gibbons, as Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company and not individually.
- Lessor: Exchange National Bank (Owner-Trustee)

3. Equipment Description:

<u>Number*</u>	<u>Type</u>	<u>Road Nos.</u>
498	Large Covered Hoppers	800500 to 800999 inclusive

*Excepting therefrom the Units which have suffered a Casualty Occurrence.

EXHIBIT B

Annex C to the
Conditional Sale Agreement

LEASE OF RAILROAD EQUIPMENT

Dated as of May 15, 1978,

between

WILLIAM M. GIBBONS,
TRUSTEE OF THE PROPERTY OF
CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY

and

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity, but solely as Owner-Trustee

LEASE OF RAILROAD EQUIPMENT dated as of May 15, 1978, between WILLIAM M. GIBBONS, TRUSTEE OF THE PROPERTY OF CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY (such company being hereinafter called the Debtor and such Trustee being hereinafter called the Trustee or the Lessee), and EXCHANGE NATIONAL BANK OF CHICAGO, a national banking association, acting not in its individual capacity but solely as Trustee (hereinafter, together with its successors and assigns, called the Owner-Trustee) under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement), with General Electric Credit Corporation (hereinafter called the Owner).

WHEREAS on the 17th day of March 1975, the Debtor filed a petition for reorganization under Section 77 of the Bankruptcy Act in the United States District Court for the Northern District of Illinois (hereinafter called the Court) and such petition was duly approved as properly filed by order entered on such date by such Court (the proceedings with respect thereto being hereinafter called the Reorganization Proceedings) and William M. Gibbons was duly qualified as Trustee of the property of the Debtor on April 4, 1975;

WHEREAS the Owner-Trustee is entering into a conditional sale agreement dated as of the date hereof with Pullman Incorporated (Pullman Standard Division), a Delaware corporation (hereinafter called the Builder) (such agreement being hereinafter called the Security Document), wherein the Builder has agreed to manufacture, sell and deliver to the Owner-Trustee the units of railroad equipment described in Schedule A hereto (hereinafter called the Equipment);

WHEREAS the Builder is assigning its interests in the Security Document to First Pennsylvania Bank N.A., acting as agent (said bank, as so acting, being hereinafter together with its successors and assigns called the Vendor) under a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with the Lessee, the Owner-Trustee, North American Car Corporation (hereinafter called the Guarantor), the Owner and the parties named in Schedule A thereto;

WHEREAS the Lessee desires to lease such number of

units of the Equipment as are delivered and accepted and settled for under the Security Document (hereinafter called the Units) at the rentals and for the terms and upon the conditions hereinafter provided;

WHEREAS the Owner-Trustee will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement (hereinafter called the Lease Assignment) dated as of the date hereof, and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (hereinafter called the Consent) dated as of the date hereof;

NOW, THEREFORE, in consideration of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Owner-Trustee hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein provided, the Lessee shall not be entitled to any abatement of rent or of other amounts due hereunder, reduction thereof or setoff against rent or such other amounts, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Owner-Trustee or the Owner under this Lease or under the Security Document, including the Lessee's rights by subrogation thereunder against the Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Owner-Trustee or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization or approval of this Lease, any present or future insolvency of or the bankruptcy, reorganization or similar proceeding against the Debtor or the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder

shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Owner-Trustee, the Owner or the Vendor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Owner-Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Security Document. Each delivery of a Unit to the Owner-Trustee under the Security Document shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Owner-Trustee under the Security Document. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Owner-Trustee under the Security Document and itself hereunder and execute and deliver to the Owner-Trustee a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of Article 3 of the Security Document, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Owner-Trustee on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee hereby represents and warrants to the Owner-Trustee that no Unit shall be put into service earlier than the date of delivery to and acceptance by the Lessee as agent for the Owner-Trustee hereunder. The delivery, inspection and acceptance hereunder of any unit of Equipment excluded from the Security Document pursuant to the first paragraph of Article 4 thereof shall be null and void and ineffective to subject such unit to this Lease.

§ 3. Rentals. The Lessee agrees to pay to the Owner-Trustee, as rental for each Unit subject to this Lease, interim rental payments on the 15th day of each month follow-

ing the Closing Date under the Security Document, one payment on the Cut-Off Date (as defined in the Security Document), (which is in addition to any interim rental payment due on such date), and thereafter 180 consecutive monthly payments, payable on the 15th day of each month, commencing January 15, 1979. The interim rental payments referred to in the immediately preceding sentence shall be in an amount equal to the sum of (a) the lesser of (i) the product of the Purchase Price (as defined in the Security Document) of each Unit then subject to this Lease, multiplied by .03210% for each day (computed on the basis of a 360-day year of twelve 30-day months) elapsed from and including the later of the date such Unit is delivered under the Security Document or the last date upon which an interim rental payment in respect of such Unit was theretofore made, to but not including the date such payment is made, and (ii) \$10 per day, for each Unit subject to this Lease (the Guarantor having agreed, pursuant to the Guaranty Agreement, to pay to the Owner-Trustee an amount equal to the excess, if any, of the amount referred to in clause (i) of this sentence over the amount referred to in this clause (ii)) plus (b) the amount, if any, required by the Owner-Trustee to make the payment provided for in subparagraph (b) of the last paragraph of Paragraph 10 of the Participation Agreement. The rental payment payable on said Cut-Off Date (which is in addition to any interim rental payment due on such date), shall be in an amount equal to the amounts required by the Owner-Trustee to make the payments provided for in the first and the last paragraph of Paragraph 10 of the Participation Agreement on the dates required for such payments (to the extent not theretofore paid) in said Paragraph 10, and the Owner-Trustee agrees to apply such rental for such purpose. The 180 monthly rental payments due after the interim rental payments and the rental payment payable on said Cut-Off Date (which is in addition to any interim rental payment due on such date), shall each be in an amount equal to .9631% of the Purchase Price of each Unit subject to this Lease on the date of such payment.

In the event that any amendment to, or change in, the Internal Revenue Code of 1954, as amended to the date of execution hereof, or the Regulations promulgated thereunder, which change or amendment is enacted or promulgated and is effective prior to the commencement of this Lease with respect to any Units alters the deductions, credits or other benefits to which the Owner would have been entitled as described in Paragraph 12 of the Participation Agreement, the rental payable with respect to any such Units by the Lessee shall be adjusted to equal the amount as shall, in the reasonable opinion of the Owner, cause the Owner's after-tax eco-

conomic yields and cash flows (computed on the same assumptions including tax rate as were utilized by the Owner in originally evaluating this transaction) to equal the after-tax economic yields and cash flows that would have been realized by the Owner if there had been no such amendment or change; provided, however, that no such computation shall reduce the amount of rentals below that which is necessary to satisfy the obligations of the Owner-Trustee under the Security Document. In the event that any dispute should arise as to the calculations of such rentals, the computation of the Owner as to the amount to which the rental shall be adjusted shall be determinative, and the Lessee shall pay such adjusted rental until such computation of adjusted rental shall be reviewed by Peat, Marwick, Mitchell & Co. (or such independent public accountants as may then be employed by the Owner in the preparation and certification of the Owner's financial statements). If such review should indicate that such adjusted rental should be revised to an amount higher or lower than the computation of the Owner, the Lessee shall thereafter pay such revised adjusted rental. If such revised adjusted rental is lower than the Owner's computation, the Owner shall promptly pay to the Lessee any excess rental paid by the Lessee from the date of the above-mentioned change or amendment to the date of the completion of the review by the Owner's accountants. If such revised adjusted rental is higher than the Owner's calculation, the Lessee shall promptly pay the Owner the amount of any deficit rental from the date of the above-mentioned change or amendment to the date of the completion of the review by the Owner's accountants.

If any of the monthly rental payment dates referred to above is not a Business Day (as such term is defined in the Security Document) the monthly rental payment otherwise payable on such date shall then be payable on the next succeeding Business Day, and no interest shall be payable for the period from and after the nominal date for payment thereof to such next succeeding Business Day.

For so long as the Security Document shall remain in effect, the Owner-Trustee irrevocably instructs the Lessee to make all the payments due the Owner-Trustee provided for in this Lease to the Vendor, for the account of the Owner-Trustee, in care of the Vendor, with instructions to the Vendor (a) first to apply such payments to satisfy the obligations of the Owner-Trustee under the Security Document known to the Vendor to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no Event of Default under the Security Document shall have occurred and be continuing, to pay any balance promptly

to the Owner-Trustee or to the order of the Owner-Trustee in immediately available funds at such place as the Owner-Trustee shall specify in writing.

The Lessee agrees to make each payment provided for in this § 3 in immediately available funds at or prior to 11:00 a.m. Philadelphia, Pennsylvania, time at the office of the Vendor on the date due, or if the Security Document shall no longer be in effect, at the office of the Owner-Trustee.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7 and 10 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof. Except for obligations of the Lessee hereunder which are not specifically stated to terminate at a fixed time, the obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 3, 6, 7, 9 and 13 hereof) shall survive the expiration of the term of this Lease.

Anything in this Lease to the contrary notwithstanding, the term of this Lease shall terminate on the date that the Court finds that the Lessee is unable to transport the traffic offered the Lessee because the cash position of the Lessee or other facts make the continuing operation by the Lessee of the Debtor impossible and orders the Lessee to discontinue service and/or liquidate the assets of the Debtor, and in such event the obligation to pay rental referred to in the first paragraph of § 3 accruing subsequent to the date that the Lessee returns the Equipment to the Owner-Trustee in the manner contemplated by § 13 hereof shall terminate and the Owner-Trustee shall not have any claim against the Lessee or the Debtor for such unaccrued rental.

The obligation of the Lessee to pay any and all sums:

(a) due and owing under this Lease, including without limitation rental referred to in the first paragraph of § 3, accrued prior to the date of return of the Equipment to the Owner-Trustee as herein provided for; and

(b) which may become due and owing subsequent to the date of return of the Equipment to the Owner-Trustee as a result of acts or omissions of the Lessee occurring prior to such date,

shall continue in full force and effect notwithstanding termination of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the Security Document. If an Event of Default should occur under the Security Document, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words, "Ownership Subject to a Security Agreement Filed under the Interstate Commerce Act, Section 20c", or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the Owner-Trustee's and the Vendor's title to and interest in such Unit and the rights of the Owner-Trustee under this Lease and of the Vendor under the Security Document. The Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Owner-Trustee and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Document shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Owner-Trustee an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Vendor's and the Owner-Trustee's interests in such Units and no filing, recording, deposit or giving of notice with or to any other federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Owner-Trustee in such Units.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may permit the Equipment to be lettered with the names, trademarks, initials or other insignias customarily used by the Lessee, the Guarantor or the affiliates of either of them (or any sublessee of either of them under a sublease authorized by § 12 hereof) on railroad equipment used by it of the same or a similar type for convenience of identification of its rights to use the Equipment under this Lease, and the Equipment may be lettered in an appropriate manner for convenience of identification of the interest of the Lessee therein.

§ 6. Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, and to indemnify and hold the Owner-Trustee, the Owner, the Vendor, the holders of the Conditional Sale Indebtedness and the respective estates held in trust by the Owner-Trustee under the Trust Agreement harmless from all taxes (income, gross receipts, franchise, sales, use, property [real or personal, tangible or intangible] and stamp taxes), assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Owner-Trustee, the Owner, the Vendor, the holders of the Conditional Sale Indebtedness, the Lessee, the trust estates created by the Trust Agreement, the Builder or otherwise, by any federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to: any Unit or any part thereof; the manufacture, purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom or value added thereto; this Lease, the Lease Assignment, the Guaranty Agreement, the Consent, the Trust Agreement, the Participation Agreement, the Security Document or the Assignment, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to property held in trust by the Owner-Trustee under the Trust Agreement (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or of any state or political subdivision thereof and (if and to the extent that any person indemnified hereunder is currently allowed a credit therefor

against its United States Federal income taxes or is indemnified by the Lessee pursuant to Paragraph 12 of the Participation Agreement) of any foreign country or subdivision thereof, imposed on or measured solely by the net income or excess profits of the Owner-Trustee, the Owner, the holders of the Conditional Sale Indebtedness or the Vendor, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease or gross receipts taxes which are in lieu of a property tax, provided that such Taxes of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or jurisdiction on its worldwide income without regard to the transactions contemplated by this Lease shall be excluded whether or not the indemnified party is currently allowed a credit against its United States Federal income taxes; (ii) any Taxes imposed as a direct result of a voluntary transfer or other voluntary disposition by the Owner or any transfer or disposition by the Owner resulting from bankruptcy or other proceedings for the relief of creditors in which the Owner is the debtor, whether voluntary or involuntary, of any interest in any Unit or interest in rentals under this Lease or in the Trust Estate without the consent of the Lessee, unless, in each case, such transfer or disposition is required or contemplated by this Lease or an Event of Default shall have occurred and be continuing; and (iii) any Taxes imposed on or measured by any trustee fees received by the Owner-Trustee or any compensation received by the Vendor; provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting the same in the manner provided in the next succeeding paragraph. The Lessee further agrees to pay on or before the time or times prescribed by law any tax imposed on or measured solely by the net income of the Lessee (or the affiliated group, within the meaning of section 1504 of the Internal Revenue Code of 1954, as amended, of which the Lessee is a member) under the laws of the United States or of any state or political subdivision thereof, or of any foreign country or subdivision thereof which, if unpaid, might result in a lien or other encumbrance upon any Unit; provided, however, that the Lessee shall not be required to pay any such tax during the period it may be contesting the same. The amount which the Lessee shall be required to pay with respect to any taxes indemnified against pursuant to this § 6 shall be an amount sufficient to restore the indemnified party to the same position such indemnified party would have been in had such Taxes not been imposed.

If claim is made against any indemnified party for any Taxes indemnified against under this § 6, such party shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, such indemnified party shall, upon receipt of indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Lessee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Lessee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of such indemnified party; provided that no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of such indemnified party in any such proceeding or action) without the prior written consent of such indemnified party, which consent shall not be unreasonably withheld. If such indemnified party shall obtain a refund of all or any part of such Taxes previously reimbursed by the Lessee in connection with any such contest or an amount representing interest thereon applicable to the amount paid by the Lessee and the period of such payment, such indemnified party shall pay to the Lessee the amount of such refund or interest net of expenses; provided, however, that no Event of Default and no event which, with notice or lapse of time or both, would constitute an Event of Default shall have occurred and be continuing.

If any person indemnified hereunder shall be allowed a credit for any foreign taxes for which the Lessee shall have reimbursed such indemnified party, such indemnified party shall pay to the Lessee the amount of such credit, plus an amount equal to any tax benefits realized by such indemnified party as a result of any payment to the Lessee pursuant to this sentence. For purposes of this paragraph, in determining the order in which the indemnified party utilizes withholdings or other foreign taxes as a credit against such indemnified party's United States income taxes, such indemnified party shall be deemed to utilize (i) first, all foreign taxes other than those described in (ii) below and (ii) then, all foreign taxes for which the Lessee shall have reimbursed such indemnified party pursuant to this § 6.

Each indemnified party shall in good faith use reasonable efforts in filing its tax returns and in dealing with taxing authorities to claim a credit for any foreign taxes for which the Lessee shall have reimbursed such indemnified party and otherwise to minimize any taxes for which the Lessee is responsible under this § 6.

In case any report or return is required to be made with respect to any obligation of the Lessee under this § 6 or arising out of this § 6, except obligations resulting from the second sentence of the first paragraph of this § 6, the Lessee shall either make such report or return in such manner as will show the interests of the Owner-Trustee in the Units, or shall promptly notify the Owner-Trustee, the Owner and the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Owner-Trustee, the Vendor and the Owner. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Lessee.

All the obligations of the Lessee under this § 6 shall survive and continue, but only with respect to periods included in the term of this Lease and the period of any assembly, delivery, storage and transporting of the Units pursuant to § 13 hereof, notwithstanding payment in full of all amounts due under the Security Document or the termination of this Lease. All amounts payable by the Lessee pursuant to this § 6 shall be payable directly to the indemnified party entitled to indemnification, except to the extent paid to a governmental agency or taxing authority.

The Lessee shall furnish promptly upon request, such information and data as is normally available to the Lessee and which the Owner-Trustee, the Vendor or the Owner reasonably may require to permit compliance with the requirement of any taxing authority.

§ 7. Payment for Casualty Occurrences; Insurance.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government (hereinafter called the Government) for a period not in excess of the then remaining term of this Lease (such occurrences being hereinafter called Casualty Occurrences)

during the term of this Lease, or until such Unit shall have been returned in the manner provided in §§ 11 or 13 hereof, the Lessee shall within 7 days after it shall have reasonably determined that such Unit has suffered a Casualty Occurrence fully notify the Owner-Trustee and the Vendor with respect thereto. On the rental payment date next succeeding the delivery of such notice (or, in the event such rental payment date will occur within 5 days after delivery of notice, on the following rental payment date, or, in the event the term of this Lease has already expired or will expire within 5 days after delivery of such notice, on a date within 5 days of such delivery), the Lessee shall pay to the Owner-Trustee an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus the excess of (a) the Casualty Value of such Unit as of the rental payment date which first follows the actual date of the Casualty Occurrence (regardless of the date on which the determination that such Unit suffered the Casualty Occurrence is made) (such rental payment date being hereinafter called the Calculation Date) plus interest on such Casualty Value at the rate of 9-5/8% per annum, compounded monthly, from the Calculation Date to the date payment pursuant to this § 7 is made, over (b) the sum of all rental payments made with respect to such Unit for periods subsequent to the Calculation Date plus interest on each such rental payment at the rate of 9-5/8% per annum, compounded monthly, from the respective dates on which such rental payments are made to the date payment pursuant to this § 7 is made. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Owner-Trustee shall be entitled to recover possession of such Unit.

If the date upon which the making of such payment by the Lessee in respect of any Unit as required as aforesaid shall be after the term of this Lease in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term but the Lessee, in addition to paying the Casualty Value for such Unit (which shall be the same percentage of the Purchase Price as is indicated in Schedule B hereto opposite the last rental payment date), shall pay interest thereon from the end of such term to the date of such payment at the rate of 9-5/8% per annum (calculated on the basis of a 360-day year of twelve 30-day months).

The Owner-Trustee hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, before or after the expiration of this Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Owner-Trustee and is not in default hereunder, the Lessee shall be entitled to the proceeds of such disposition to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Owner-Trustee.

The Casualty Value of each Unit as of the Calculation Date for each such Unit shall be the percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite such date with respect to such Unit.

In the event of the requisition for use by the Government of any Unit during the term of this Lease, unless such requisition shall at the time of such requisition be scheduled to extend beyond the then remaining term of this Lease, all the obligations of the Lessee under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease, the Lessee shall be obligated to return such Unit to the Owner-Trustee pursuant to § 11 or 13 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease, but the Lessee shall in all other respects comply with the provisions of said § 11 or 13, as the case may be, with respect to such Unit. All payments received by the Owner-Trustee or the Lessee from the Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Owner-Trustee or the Lessee from the Government for the use of such Unit after the term of this Lease, shall be paid over to, or retained by, the Owner-Trustee.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee shall at all times prior to the return of the Equipment to the Owner-Trustee in accordance with the terms of this Lease and during any storage period maintain or cause to be maintained, at its own expense, property and casualty insurance in respect of the Units at the time subject hereto, against the risks and in at least the amounts currently insured against by the Lessee on similar equipment owned or operated by it; provided, however, that, subject to availability, the amount of such coverage shall not, at any time, be less than \$10,000,000 (with a deductible of not greater than \$1,000,000) per occurrence. The proceeds of such insurance shall be payable to the Vendor, the Owner-Trustee and the Lessee as their respective interests may appear.

The Lessee will, at all times prior to the return of the Equipment to the Owner-Trustee in accordance with the terms of this Lease and during any storage period, at its own expense, cause to be carried and maintained public liability insurance, against the risks and in at least the amounts currently insured against by the Lessee in respect of similar equipment owned or operated by it; provided, however, that, subject to availability, the amount of such coverage shall not, at any time, be less than \$29,000,000 (with a deductible of not greater than \$2,000,000) per occurrence, and the benefits thereof shall be payable to the Vendor, the Owner-Trustee and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the Security Document shall not have been paid in full, and thereafter to the Owner-Trustee and the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation or change in coverage to the Owner-Trustee, (ii) name the Vendor, the Owner and the Owner-Trustee as additional named insureds as their respective interests may appear and (iii) shall not provide for any payment of premiums or commissions by the Owner, the Owner-Trustee or the Vendor. All insurance will insure the interests of the Owner-Trustee, the Owner and the Vendor regardless of any breach or violation of warranty of the Lessee.

§ 8. Reports. On or before April 1 in each year, commencing with the calendar year 1979, the Lessee will furnish to the Owner-Trustee, the Owner and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder and covered by the Security Document, the

amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (specifying the dates of such Casualty Occurrences) or to the knowledge of the Lessee are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Owner-Trustee or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by § 5 hereof and the Security Document have been preserved or replaced. The Owner-Trustee shall have the right by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Owner-Trustee may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. NEITHER THE OWNER-TRUSTEE NOR THE OWNER MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND NEITHER THE OWNER-TRUSTEE NOR THE OWNER MAKES ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Owner-Trustee and the Lessee, are to be borne by the Lessee; but the Owner-Trustee hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Owner-Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Owner-Trustee may have against the Builder, including, but not limited to, any claims and rights arising under the provisions of the Security Document. The Owner-Trustee and the Owner shall not have any responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect

therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Owner-Trustee that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Owner or the Owner-Trustee based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Owner-Trustee, the Owner and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units and in the event that such laws or rules require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Owner-Trustee or the Vendor, adversely affect the property or rights of the Owner-Trustee or the Vendor under this Lease or under the Security Document.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good operating order, repair and first class condition, ordinary wear and tear excepted. Said maintenance shall include, but not be limited to the application and maintenance of an interior lining in the Units in condition appropriate for the service to which the Units may be assigned, including corrosive material service if the Units are assigned to such service, it being understood that the Lessee shall,

at its expense, cause the Units to be appropriately lined prior to being used in corrosive material service, and that the Lessee shall, at its expense, repaint the Units at least once during the term of this Lease, upon the written request of the Owner-Trustee, unless the Lessee can demonstrate that such request by the Owner-Trustee is clearly unreasonable. Except for alterations or changes required by law; the Lessee shall not, without the prior written approval of the Owner-Trustee, effect any permanent structural change in the design, construction or body of the Units or appurtenances thereto.

The Lessee and its affiliates, at their own cost and expense, may from time to time make such alterations, modifications and additions (including, without limitation, any special devices or assemblies at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Interstate Commerce Commission, the United States Department of Transportation or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (hereinafter collectively called Additions) to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units in accordance with their original conventional purpose and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease; provided, however, that no such Addition shall be made if it is not readily removable from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which the Unit would have had immediately prior to such time had such Addition not been made.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without further act vest in the Owner-Trustee and the Vendor as their respective interests may appear in the Unit itself in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for any such original Part, (ii) such Part is required to be incorporated in or installed as part

of the Unit pursuant to the terms of the second or third paragraph of this § 9, or (iii) notwithstanding the provisions of the fourth paragraph of this § 9, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default under § 10 hereof (or other event which after lapse of time or notice or both would constitute an Event of Default) shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in the Lessee. The term Part for the purposes of this paragraph and § 13 hereof shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

The Lessee shall pay, and shall protect, indemnify and hold the Owner-Trustee, the Guarantor, the Owner and the Vendor, and their respective successors, assigns, agents and servants (hereinafter called Indemnified Persons), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses [including without limitation attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising or alleged to arise out of this Lease or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, non-delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any latent or other defects whether or not discoverable by any Indemnified Person or the Lessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort; (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Owner-Trustee, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; (vi)

any violation, or alleged violation, of any provision of this Lease (except by the Owner-Trustee) or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof; (vii) any claim arising out of any of the obligations of the Owner-Trustee under the Lease Assignment, the Security Document or the Participation Agreement, except to the extent such claim arises from an act or omission of the Owner-Trustee not related to the transactions contemplated by this Lease and the Participation Agreement. The Lessee shall be obligated under this § 9, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 9 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Lessee may and, upon the request of such Indemnified Person, will at the expense of the Lessee resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person, as the case may be, and, in the event of any failure by the Lessee so to do, the Lessee shall pay all costs and expenses (including without limitation reasonable attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee is required to make any payment under this § 9, the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as reasonably determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Owner-Trustee each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this § 9 by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute an Event of Default) shall have occurred and

be continuing, it shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 9 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

The Lessee further agrees to indemnify, protect and hold harmless the Vendor, the Owner and the Owner-Trustee, as third party beneficiaries hereof, from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendor, the Owner and the Owner-Trustee because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Lessee and not manufactured by the Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by the Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to the Builder of any claim known to the Lessee from which liability may be charged against such Builder hereunder.

The indemnities contained in this § 9 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this § 9 shall be deemed to create any rights of subrogation which do not already exist in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

All payments hereunder shall be made directly to the Indemnified Person.

The Lessee agrees at its expense to prepare and deliver to the Owner-Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Owner-Trustee) any and all reports (other than income tax returns) to be filed by the Owner-Trustee with any federal, state or other regulatory authority

by reason of the ownership by the Owner-Trustee or the Trustee of the Units or the leasing thereof to the Lessee.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

(a) payment of any part of the rental provided in § 3 hereof or payment in respect of any Casualty Occurrence pursuant to § 7 hereof shall not be made by or on behalf of the Lessee when such payment is due and such default shall continue for three days after written notice thereof to the Lessee;

(b) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, in the Participation Agreement or in the Consent, and such default shall continue for 30 days after written notice from the Owner-Trustee or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

(c) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

(d) a decree or order is entered in the Reorganization Proceedings preventing or disabling the Lessee from performing any of its obligations under this Lease, other than a decree or order of the type referred to in the second paragraph of § 4 hereof;

(e) if the obligations of the Trustee or his successor or successors hereunder are assumed by a corporation or by the successor of the Debtor pursuant to a plan of reorganization for the Debtor approved in the Reorganization Proceedings (such corporation or successor being hereinafter called the Successor) and either

(i) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as such Section 77 may hereafter be amended, shall be filed by or against the Successor and, unless such petition shall have been dismissed,

nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the assumed obligations of the Successor under this Lease or under the Participation Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to confirmation or ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(ii) any proceedings shall be commenced by or against the Successor for any relief which includes, or might result in, any modification of the assumed obligations of the Successor under this Lease or under the Participation Agreement under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extension (other than a law which does not permit any readjustments of the assumed obligations of the Successor hereunder or under the Participation Agreement), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the assumed obligations of the Successor under this Lease or under the Participation Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to confirmation or ratification) for the Successor or for the property of the Successor in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

(f) any proceedings shall be commenced by or against the Guarantor for any relief which includes, or might result in, any modification of the obligations of the Guarantor under the Guaranty Agreement (hereinafter called the Guaranty Agreement) in the form attached as Exhibit C to the Participation Agreement, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extension (other than a law which does not permit any readjustments of the obligations of the Guarantor under the Guaranty Agreement), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Guarantor under the Guaranty Agreement, as the case may be, shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Guarantor or for the property of the Guarantor in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

(g) an event of default set forth in Article 15 of the Security Document shall have occurred arising out of any default by the Lessee in performing any of its obligations hereunder or under the Participation Agreement; or

(h) any representation or warranty made by the Lessee in its own behalf or on behalf of the Debtor in the Participation Agreement or in any document or certificate furnished the Owner-Trustee, the Owner, or the Vendor in connection herewith or therewith or pursuant hereto or thereto shall be incorrect when made in any material respect adverse to such parties or any thereof at the time the Lessee becomes aware of such condition and such condition shall continue unremedied for a period of 30 days after the Lessee becomes aware of such condition;

then, in any such case, the Owner-Trustee, at its option, may,

A. proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

B. by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Owner-Trustee may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom; but the Owner-Trustee shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of a bargain and not as a penalty, whichever of the following amounts the Owner-Trustee, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of (1) the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (2) the then present value of the rentals which the Owner-Trustee reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable

attorneys' fees, in addition thereto which the Owner-Trustee shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Owner-Trustee reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Owner-Trustee shall have sold any Unit, the Owner-Trustee, in lieu of collecting any amounts payable to the Owner-Trustee by the Lessee pursuant to the preceding clauses (x) and (y) of this part B with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Owner-Trustee and the Lessee shall pay to the Owner-Trustee on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net proceeds of such sale, provided, further, that in the case of an Event of Default of the type described in item (f) of this § 10 the Trustee shall not be required to make payment of any liquidated damages referred to in clause (x) or (y) of this part B from the property of the Debtor, and in the case of such an Event of Default the Owner-Trustee and any person claiming by, through or under the Owner-Trustee will pursuant to the Guaranty Agreement look solely to the Guarantor for the payment of any amount which may be so due as liquidated damages.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the remedies of the Owner and the Owner-Trustee with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Owner and the Owner-Trustee shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any requirements of law, now or

hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Owner-Trustee to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies, and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Owner-Trustee.

The Lessee also agrees to furnish the Owner-Trustee, the Owner and the Vendor, promptly upon any responsible officer's becoming aware of any condition which constitutes an Event of Default under this Lease or which, after notice or lapse of time or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate official of the Lessee who in the normal performance of his operational responsibilities would have knowledge of such matter and the requirements of this Lease with respect thereto.

The Owner-Trustee shall forebear exercising its remedies hereunder arising out of an Event of Default pursuant to this § 10 (other than an Event of Default caused by a proceeding commenced by or against the Guarantor referred to in item (f) of this § 10) if, and so long as, (A) within 10 days of such Event of Default the Guarantor shall have paid in full any unpaid monetary obligation then due under this Lease or (B) as promptly as reasonably possible, the Guarantor shall have cured any other Event of Default under this Lease. The Guarantor shall not be required, as a condition to the assumption provided for in the next succeeding sentence hereof, to cure any Event of Default under this Lease caused by any action or inaction on the part of the Debtor or the Trustee which Event of Default cannot be cured by any action of the Guarantor or the cure of which would require information or knowledge known only to the Lessee or

within the exclusive possession of Lessee and which the Guarantor cannot obtain with reasonable diligence and at reasonable expense. At any time after the Guarantor shall have made any payment under (A) above or cured any other default pursuant to (B) above or if there shall be an Event of Default hereunder caused by the entry of an order or decree of the type described in item (d) of this § 10 or the entry of an order or decree of the type referred to in the second paragraph of § 4 hereof or the commencement by or against the Successor of proceedings of the type described in item (e) of this § 10, the Guarantor, at its option, may assume all the obligations of the Lessee or the Successor, as the case may be, hereunder, provided that it complies with the following procedures:

(i) the Guarantor certifies to the Owner-Trustee and the Vendor that it is not then in default in respect of any obligation for the payment of principal and interest in respect of borrowed money, any conditional sale indebtedness or any equipment trust obligations;

(ii) the Guarantor certifies to the Owner-Trustee and the Vendor that upon such assumption it will not be in default under this Lease or under the Consent, which certification shall be accompanied by an opinion of Messrs. Pedersen & Houpt, a professional corporation, or other independent counsel, acceptable to the Owner-Trustee and the Vendor, to the same effect;

(iii) the Guarantor directly assumes all the obligations of the Lessee or of the Successor, as the case may be, under this Lease and under the Consent pursuant to an assumption agreement in form and substance satisfactory to the Owner-Trustee and the Vendor (the approval of which by such parties shall not be unreasonably withheld), which assumption agreement will, at the option of the Guarantor and without any approval of either the Owner-Trustee or the Vendor, provide that those Sections of this Lease listed in Exhibit A to the Guaranty Agreement will be amended on and as of the effective date of such assumption agreement to read as is provided in said Exhibit A; and

(iv) the Guarantor delivers to the Owner-Trustee and the Vendor an opinion of Messrs. Pedersen & Houpt, a professional corporation, or other independent counsel, acceptable to the Owner-Trustee and the Vendor, to the effect that such assumption agreement has been duly authorized, executed and delivered by the Guarantor and

constitutes a legal, valid and binding obligation of the Guarantor, enforceable in accordance with its terms (except to the extent limited by any bankruptcy or other similar laws) and within 30 days thereafter shall have, if requested so to do by the Owner-Trustee and the Vendor, caused such assumption agreement to be filed and recorded in accordance with the provisions of § 14 hereof.

The Owner-Trustee agrees to execute and deliver the above-mentioned assumption agreement within 10 days after tender thereof to it by the Guarantor, provided that it complies with the provisions of the foregoing paragraph and is otherwise in form and substance satisfactory to it and has been approved as to form and substance by the Vendor (which approval shall not be unreasonably withheld) and all the other procedures referred to above have been complied with. The Lessee agrees that, upon execution and delivery of such assumption agreement by the Owner-Trustee and the Guarantor, the Lessee's leasehold interest in and to the Units shall automatically terminate and the Lessee will promptly deliver possession of the Units to the Guarantor and will convey, transfer or assign to the Guarantor all the Lessee's right, title and interest in any subleases, car contracts or other agreements with respect to the Units and take any other action and execute any documents reasonably requested by the Guarantor or the Owner-Trustee; it being understood and agreed, however, that the obligations of the Guarantor under such assumption agreement, this Lease and the Consent shall not be conditioned upon or affected in any way by the failure of the Lessee to comply with the provisions of this sentence.

Compliance by the Guarantor with clauses (i) through (iv) of the fifth paragraph of this § 10 and the execution and delivery of the above-mentioned assumption agreement by both the Guarantor and the Owner-Trustee shall for the purposes of this Lease constitute a cure of any Event of Default caused by the entry of an order or decree of the type described in item (d) of this § 10 or the entry of an order or decree of the type described in the second paragraph of § 4 hereof or the commencement by or against the Successor of any proceedings of the type described in item (e) of this § 10 and a cure of any Event of Default caused by any action or inaction on the part of the Debtor or the Trustee which Event of Default cannot be cured by any action of the Guarantor.

The Owner-Trustee agrees to notify the Guarantor promptly in writing upon its becoming aware of any condition

or event which constitutes an Event of Default hereunder, provided, however, that the failure of the Owner-Trustee so to give any such notice shall not in any way release the Guarantor from or diminish any of its obligations under the Guaranty Agreement.

§ 11. Return of Units Upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Owner-Trustee and shall give prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Owner-Trustee pursuant to this § 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear and modifications, if any, permitted by this Lease excepted and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable. For the purpose of delivering possession of any Unit or Units to the Owner-Trustee as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner and at usual speed cause such Units to be transported to such location as shall reasonably be designated by the Owner-Trustee and there assembled,

(b) furnish and arrange for the Owner-Trustee to store such Units on any lines of railroad or premises approved by the Owner-Trustee within a 150 mile radius of Chicago, Illinois, until such Units have been sold, leased or otherwise disposed of by the Owner-Trustee, but not in any event for longer than 270 days, and

(c) cause the Units to be moved to such interchange point or points as shall be designated by the Owner-Trustee upon any sale, lease or other disposal of all or any of the Units.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Les-

see will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. In the event that the Units or any thereof are sold the Lessee shall pay to the Owner-Trustee the per diem interchange for each such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Owner-Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Owner-Trustee, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use; No Renewal.
This Lease shall be assignable in whole or in part by the Owner-Trustee without the consent of the Lessee, but the Lessee shall not be under any obligation to any assignee of the Owner-Trustee other than the Vendor except upon written notice of such assignment from the Owner-Trustee. All the rights of the Owner-Trustee hereunder (including, but not limited to, the rights under §§ 6, 7 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Owner and the assigns of the Owner and the Owner-Trustee.

So long as no Event of Default exists hereunder or under the Security Document and the Lessee shall have fully complied with the provisions of this § 12, the Lessee shall be entitled to the possession of the Units in accordance with the terms of this Lease but, without the prior written consent of the Owner-Trustee and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them, except as hereinafter provided in this § 12.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Owner-Trustee or the Vendor not related to the ownership or leasing of, or the security interest of the Vendor in, the Units) which may at any time

be imposed on or with respect to any Unit including any accession thereto or the interest of the Owner-Trustee, the Vendor or the Lessee therein. The Lessee shall not, without the prior written consent of the Owner-Trustee, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms hereof and to permit use of the Units by any railroad company or companies incorporated in the United States of America with which it has contractual arrangements for the use of the Units for its benefit upon trackage owned or operated by it or upon lines of railroad owned or operated by such railroad company or companies or over which such railroad company or companies have trackage or other operating rights or over which railroad equipment of such railroad company or companies is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Lease and the Security Document; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to service involving the operation and maintenance thereof outside the United States of America. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any solvent corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have specifically assumed the obligations of the Lessee hereunder and under the Consent by an appropriate instrument in writing) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition be in default under any provision of this Lease.

The Reorganization Proceedings shall not be dismissed or terminated nor shall the property of the Debtor be surrendered by the Trustee or his successor or successors

(except as a result of a decree or order of the type referred to in the second paragraph of § 4 hereof), unless, (a) as a condition of such dismissal or termination or such surrender, all the obligations then existing or to accrue of the Trustee under this Lease shall be assumed as a general obligation by the successor of the Debtor pursuant to a plan of reorganization approved in the Reorganization Proceedings or by any other railroad corporation acquiring all or substantially all the lines of railroad of the Debtor or as an obligation, having the same status and priorities as those of the Trustee under this Lease, by any receiver or receivers in equity, or trustee or trustees, that shall succeed the Trustee, or (b) payment in full in cash (or provision therefor satisfactory to the Owner-Trustee and the Vendor) is made to the Owner-Trustee of the Casualty Value of the Equipment and all damages, claims or any other moneys payable to or in favor of the Owner-Trustee, the Vendor, or both, pursuant to this Lease, or the Security Document, together with interest thereon as herein provided to the date of payment thereof.

In case of any sale or conveyance of all or substantially all the lines of railroad of the Debtor the purchaser, or transferee of the purchaser, shall not be at liberty to refuse to accept performance of this Lease or to disaffirm it, and any such purchaser and any such transferee shall assume and agree to perform each and all the obligations of the Trustee hereunder, unless provision is made for the payment to the Owner-Trustee as provided above in clause (b) of the next preceding paragraph.

Whenever used in this Lease, the term "Trustee" shall be deemed to mean any corporation (including the Debtor), receiver or receivers in equity, trustee or trustees, purchaser or transferee of any purchaser which shall have assumed and agreed to perform each and all the obligations and covenants of the Trustee hereunder.

The Owner-Trustee intends to retain the Units for re-lease at the expiration of the term of this Lease, and the Lessee acknowledges that it does not have any right hereunder or otherwise to extend the term of this Lease beyond December 15, 1993, or to purchase any of the Units at the expiration or upon the termination of this Lease.

§ 13. Return of Units upon Expiration of Term.

On or prior to the termination of the term of this Lease the Lessee will, at its own cost and expense, at the request

of the Owner-Trustee, cause each Unit to be transported to such point or points on the lines of the Lessee as shall be reasonably designated by the Owner-Trustee immediately prior to such termination and arrange for the Owner-Trustee to store such Unit on any lines of railroad or premises of the Lessee approved by the Owner-Trustee for a period not exceeding 180 days from the termination of the term of this Lease; the assembly, delivery, storage and transporting of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable except in the case of negligence or intentional act of the Lessee or of its employees or agents and, except to the extent otherwise provided by law, for any injury to or the death of any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser or Lessee, the rights of inspection granted under this sentence. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Owner-Trustee pursuant to this § 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any Part title to which is in the Owner-Trustee pursuant to § 9 hereof and have removed therefrom at Lessee's expense any Part title to which is in the Lessee or any other person pursuant to such § 9 and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable. If any Unit suffers a Casualty Occurrence during any storage period provided for in this § 13, the Lessee shall pay to the Owner-Trustee the Casualty Value of such Unit as determined in accordance with § 7 hereof. The Lessee shall pay rental at the rate of \$10 per day for any Unit not returned to the Owner-Trustee immediately upon expiration of the termination of the term of this Lease.

§ 14. Recording. The Lessee, at its own expense, will cause this Lease, the Security Document, the Lease Assignment and any assignment hereof or thereof to be filed

and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will undertake the filing, registering, deposit, and recording required of the Owner-Trustee under the Security Document and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, re-register, deposit and redeposit or re-record whenever required) any and all further instruments required by law or reasonably requested by the Owner-Trustee or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Owner-Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Security Document or the Lease Assignment.

The Lessee will promptly furnish to the Vendor and the Owner-Trustee evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Owner-Trustee. This Lease and the Security Document shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 15. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay an amount equal to interest at a rate equal to the lesser of 10-5/8% per annum or the highest rate as may be legally enforceable on the overdue rentals and other obligations for the period of time during which they are overdue.

§ 16. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when delivered to such other party or deposited in the United States mails, first-class postage prepaid, addressed as follows:

if to the Owner-Trustee, at LaSalle and Adams Streets, Chicago, Illinois 60690, attention of Corporate Trust Officer; with a copy to the Owner at P.O. Box 8300, Stamford, Connecticut 06904, attention of Manager-Operations Leasing and Industrial Loans, and separately to the attention of Manager--Contract Administration--Air/Rail Financing;

if to the Lessee, to William M. Gibbons, Trustee of the property of Chicago, Rock Island and Pacific Railroad Company, Debtor, 332 South Michigan Avenue, Chicago, Illinois 60604, attention of Chief Financial Officer;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. A copy of each notice hereunder shall be sent to the Guarantor at 222 South Riverside Plaza, Chicago, Illinois 60606, attention of Vice President-Finance. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above for such party. Any notice to the Lessee by the Vendor regarding the Lessee's failure to perform any obligation hereunder shall also be furnished by the Lessee to the Owner-Trustee.

§ 17. Severability; Effect and Modification of Lease; Third Party Beneficiaries. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Owner-Trustee and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto, except the Participation Agreement. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Owner-Trustee and the Lessee and consented to in writing by the Guarantor, which consent shall not be unreasonably withheld.

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Vendor and the permitted successors and assigns of a party) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party except as aforesaid.

§ 18. Execution. This Lease may be executed in

several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 19. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

§ 20. Agreement for Benefit of Owner. All rights of the Owner-Trustee hereunder (including, but not limited to, its rights under §§ 6, 7, 9 and 10 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Owner and any of the Owner's assigns under the Trust Agreement.

§ 21. Immunities; No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Owner-Trustee, are made and intended not as personal representations, undertakings and agreements by Exchange National Bank of Chicago, or for the purpose or with the intention of binding said national association personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement and this Lease is executed and delivered by said national association not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of gross negligence or wilful misconduct, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said national association on account of this Lease or on account of any representations, undertaking or agreement of the said national association, either expressed or implied, all such personal liability against either said bank or the Owner, if any, being expressly waived and released by the Lessee, the Vendor and by all persons claiming by, through or under either of them.

IN WITNESS WHEREOF, the parties hereto have exe-

noted or caused this instrument to be executed as of the
date first above written.

EXCHANGE NATIONAL BANK OF CHICAGO,
not in its individual capacity,
but solely as Owner-Trustee,

by

Senior Vice President

[CORPORATE SEAL]

Attest:

Assistant Trust Officer

[Seal]

WILLIAM M. GIBBONS,
As TRUSTEE OF THE PROPERTY
OF CHICAGO, ROCK ISLAND AND
PACIFIC RAILROAD COMPANY,
and not individually

Witness

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of June 1978, before me personally appeared William M. Gibbons, to me personally known, who, being by me duly sworn, says that he is the Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company, signer and sealer of the foregoing instrument, and he acknowledged same to be his free act and deed, as Trustee, before me.

Notary Public

[Notarial Seal]

My Commission Expires

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of June 1978, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Senior Vice President of EXCHANGE NATIONAL BANK OF CHICAGO, that one of the seals affixed to the foregoing instrument is the corporate seal of said national association, that said instrument was signed and sealed on behalf of said national association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national association.

Notary Public

[Notarial Seal]

My Commission Expires

Schedule A to the Lease

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>
4750 cubic feet, 100-ton jumbo covered hopper cars AAR Mechanical Designation: LO	500	ROCK 800500- ROCK 800999

Schedule B to the Lease

CASUALTY VALUES

<u>Rental Payment Number*</u>	<u>Percentage</u>	<u>Rental Payment Number*</u>	<u>Percentage</u>
1	108.61	31	102.06
2	108.15	32	101.97
3	108.29	33	101.86
4	108.43	34	101.76
5	108.56	35	101.64
6	108.68	36	101.52
7	108.79	37	101.39
8	108.90	38	101.25
9	108.99	39	101.10
10	109.08	40	100.95
11	109.15	41	100.79
12	109.22	42	100.62
13	109.28	43	100.45
14	109.33	44	100.27
15	109.37	45	100.09
16	109.40	46	99.89
17	109.42	47	99.69
18	109.44	48	99.49
19	109.45	49	99.27
20	109.45	50	99.05
21	109.44	51	98.82
22	109.43	52	98.59
23	109.40	53	98.35
24	109.37	54	98.11
25	109.33	55	90.98
26	109.28	56	90.73
27	109.23	57	90.46
28	109.16	58	90.19
29	109.09	59	89.91
30	109.01	60	89.63

* The first payment refers to all rental payments due on or prior to December 15, 1978; payments 2 through 181 are the 180 monthly rental payments referred to in the within Lease.

<u>Rental Payment Number*</u>	<u>Percentage</u>	<u>Rental Payment Number*</u>	<u>Percentage</u>
61	89.34	91	71.27
62	89.05	92	70.82
63	88.74	93	70.37
64	88.44	94	69.91
65	88.12	95	69.46
66	87.80	96	68.99
67	87.48	97	68.53
68	87.15	98	68.06
69	86.82	99	67.58
70	86.47	100	67.11
71	86.13	101	66.63
72	85.78	102	66.14
73	85.42	103	65.66
74	85.06	104	65.16
75	84.69	105	64.67
76	84.31	106	64.17
77	83.93	107	63.67
78	83.55	108	63.17
79	76.29	109	62.66
80	75.90	110	62.15
81	75.50	111	61.64
82	75.10	112	61.12
83	74.69	113	60.60
84	74.28	114	60.08
85	73.86	115	59.55
86	73.44	116	59.02
87	73.01	117	58.49
88	72.58	118	57.95
89	72.15	119	57.41
90	71.71	120	56.87

* The first payment refers to all rental payments due on or prior to December 15, 1978; payments 2 through 181 are the 180 monthly rental payments referred to in the within Lease.

<u>Rental</u> <u>Payment Number*</u>	<u>Percentage</u>	<u>Rental</u> <u>Payment Number*</u>	<u>Percentage</u>
121	56.33	151	38.69
122	55.78	152	38.06
123	55.23	153	37.44
124	54.67	154	36.81
125	54.11	155	36.18
126	53.55	156	35.55
127	52.99	157	34.92
128	52.43	158	34.29
129	51.86	159	33.65
130	51.29	160	33.02
131	50.71	161	32.39
132	50.14	162	31.76
133	49.56	163	31.13
134	48.97	164	30.50
135	48.39	165	29.87
136	47.80	166	29.24
137	47.21	167	28.61
138	46.62	168	27.99
139	46.02	169	27.36
140	45.42	170	26.74
141	44.82	171	26.12
142	44.22	172	25.50
143	43.61	173	24.88
144	43.01	174	24.27
145	42.40	175	23.65
146	41.78	176	23.04
147	41.17	177	22.43
148	40.55	178	21.82
149	39.93	179	21.21
150	39.31	180	20.60
		181 and thereafter	20.00

* The first payment refers to all rental payments due on or prior to December 15, 1978; payments 2 through 181 are the 180 monthly rental payments referred to in the within Lease.

EXHIBIT C

A. The second paragraph of Section 4 is hereby deleted.

B. The following is hereby added to the first paragraph of Section 5:

"The Lessee may change the identification marks on the Units to reflect the interest of Lessee in the Units, provided Lessor is promptly notified of such change. Such change shall be filed, recorded and deposited and Lessor's interest in the Units shall continue to be marked on the Units, all as provided in this Section 5."

C. The following paragraphs are hereby substituted for the seventh and eighth paragraphs of existing Section 7 of the Lease:

"The Lessee shall at all times prior to the return of the Equipment to the Owner-Trustee in accordance with the terms of this Lease and during any storage period maintain or cause to be maintained, at its own expense, property and casualty insurance in respect of the Units at the time subject hereto, against the risks and in at least the amounts currently insured against by the Lessee on similar equipment owned or operated by it. The proceeds of such insurance shall be payable to the Vendor, the Owner-Trustee and the Lessee as their respective interests may appear."

"The Lessee will, at all times prior to the return of the Equipment to the Owner-Trustee in accordance with the terms of this Lease and during any storage period, at its own expense, cause to be carried and maintained property insurance and public liability insurance in respect of the Equipment at the time subject to this Lease, in amounts (subject to customary deductibles) and against risks customarily insured against by railroad companies in respect of equipment which is similar to the Equipment and, in any event, comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned by it which is similar to the Equipment, and the benefits of such insurance shall be payable to the Vendor, the Owner-Trustee and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the Security Document shall not have been paid in full, and thereafter

to the Owner-Trustee and the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) provide that the broker of such policy shall give at least 30 days' prior notice of cancelation or change in coverage to the Owner-Trustee, (ii) name the Vendor, the Owner and the Owner-Trustee as additional named insureds as their respective interests may appear and (iii) shall not provide for any payment of premiums or commissions by the Owner, the Owner-Trustee or the Vendor. All insurance will insure the interests of the Owner-Trustee, the Owner and the Vendor regardless of any breach or violation of warranty of the Lessee."

D. Paragraph (d) of Section 10 is hereby deleted.

E. The following paragraphs are hereby substituted for the fourth through seventh paragraphs of existing Section 12 of the Lease:

"So long as Lessee shall not be in default under this Lease, Lessee shall be entitled to the possession and use of the Units and, without Lessor's consent, to sublease the Units to, or to permit their use by, a user incorporated in the United States of America (or any state thereof or the District of Columbia), upon lines of railroad owned or operated by Lessee or such user or by a railroad company or companies incorporated in the United States of America (or any state thereof or the District of Columbia), or over which Lessee, such user, or such railroad company or companies have trackage rights for operation of their trains, and upon the lines of railroad of connecting and other carriers in the usual interchange of traffic or in through or run-through service, but only upon and subject to all the terms and conditions of this Lease; provided, however, that Lessor's consent, not to be unreasonably withheld, must be obtained for any sublease that is for a term or terms that aggregate more than six months during any period of twelve consecutive months; provided, further, however, that Lessee shall not sublease or assign or permit the sublease, assignment or use of any Unit outside the United States of America, except that occasional service in Canada or Mexico shall be permitted so long as such service in Canada or Mexico is on a temporary basis which is not expected to exceed a total of 90 days in any taxable year of Lessor; and provided, further, however, that any such sublease, assignment or use shall be consistent with the provisions of Paragraph 12 of the Participation Agreement. No such assignment or sublease shall relieve Lessee of its obligations hereunder which shall be and remain those of a principal and not a surety."

"Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject to the rights and remedies of Lessor under this Lease in respect of the Units covered by such sublease upon the occurrence of an Event of Default hereunder."

"Nothing in this Section 12 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any solvent Class I railroad corporation, incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of Lessee hereunder pursuant to appropriate instruments satisfactory in form and substance to Lessor, and its counsel) into or with which Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all the lines of railroad of Lessee; provided, however, that such assignee, lessee or transferee will not, upon the effectiveness of such merger, consolidation, lease or acquisition be in default under any provision of this Lease and that such acquisition or lease of railroad lines of Lessee shall not alter in any way Lessee's obligation to Lessor which shall be and remain those of a principal and not a surety."

F. Section 16 of the Lease and Paragraph 16 of the Participation Agreement are hereby amended to provide that notices to Lessee shall be sent:

To Lessee, at 400 West Madison Street, Chicago, Illinois 60606, Attention of Assistant Vice President-Finance.